



THE BELWIN CONSERVANCY

**CONSOLIDATED FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**



THE BELWIN CONSERVANCY

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Years Ended December 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Belwin Conservancy
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of The Belwin Conservancy (a nonprofit organization), and its affiliate, the Belwin Supporting Fund (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Belwin Conservancy, and its affiliate, the Belwin Supporting Fund, as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Belwin Conservancy, and its affiliate, the Belwin Supporting Fund, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Belwin Conservancy's, and its affiliate, the Belwin Supporting Fund's, ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Belwin Conservancy's, and its affiliate, The Belwin Supporting Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Belwin Conservancy's, and its affiliate, the Belwin Supporting Fund's, ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in the Organization's Annual Report

Management is responsible for the other information included in The Belwin Conservancy's Annual Report. The other information comprises of a message from the Executive Director, summaries of accomplishments by program, financial summary, and acknowledgement of individual donors but does not include the consolidated financial statements and our auditor's report thereon.

(Continued)

Report on Supplementary Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating supplementary information shown on pages 34 and 35 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

September 9, 2024

Mahoney Ulbrich
Christiansen & Russ, PA

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash	\$ 299,483	\$ 485,827
Cash - capital reserve for LWBAF	18,818	18,128
Contributions receivable, net	1,551,792	324,716
Grants receivable	94,320	31,873
Accounts receivable	12,757	7,253
Investments	12,363,457	12,092,161
Cash - capital campaign	426,769	257,231
Land and conservation easements	11,340,957	10,665,957
Buildings and improvements, land improvements, and equipment, net	1,831,098	940,572
Right of use asset, net	41,867	44,417
Endowment investments	311,819	260,090
	\$ 28,293,137	\$ 25,128,225
Total assets		
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 300,267	\$ 28,052
Accrued payroll	26,919	28,962
Lease liability	33,192	38,699
Refundable advance	10,000	-
Conditional contribution	1,499,973	1,499,973
	1,870,351	1,595,686
Total liabilities		
Net assets:		
Net assets without donor restrictions	11,544,930	10,657,573
Net assets with donor restrictions	14,877,856	12,874,966
	26,422,786	23,532,539
Total net assets		
Total liabilities and net assets	\$ 28,293,137	\$ 25,128,225

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	2023						2022
	Program services			Management and general	Fundraising	Total	
	Environmental	Arts, Culture, and Ecology	Total				
Salaries	\$ 225,908	\$ 199,686	\$ 425,594	\$ 67,352	\$ 219,027	\$ 711,973	\$ 652,708
Payroll tax	18,512	15,355	33,867	4,978	16,595	55,440	58,311
Employee benefits	21,003	23,258	44,261	9,431	33,050	86,742	67,946
	<u>265,423</u>	<u>238,299</u>	<u>503,722</u>	<u>81,761</u>	<u>268,672</u>	<u>854,155</u>	<u>778,965</u>
Office expenses	5,153	4,627	9,780	1,588	5,216	16,584	19,480
Occupancy	9,163	8,226	17,389	2,822	9,275	29,486	31,188
Telephone	14,779	13,269	28,048	4,554	14,960	47,562	44,089
Printing and publication	20	4,942	4,962	500	35,436	40,898	17,447
Insurance	21,218	19,049	40,267	6,536	21,477	68,280	50,266
Real estate taxes	1,404	1,261	2,665	432	1,421	4,518	4,916
Repairs and maintenance	97,086	-	97,086	-	-	97,086	288,650
Land acquisition costs	3,815	-	3,815	-	-	3,815	1,956
Facility operations	9,511	9,511	19,022	-	-	19,022	-
Professional fees	88,907	3,471	92,378	79,388	40,888	212,654	216,699
Auto and truck expenses	34,014	-	34,014	185	-	34,199	36,693
Travel	-	397	397	879	464	1,740	2,256
Merchandise and uniforms	-	-	-	5,455	-	5,455	-
Miscellaneous	460	421	881	2,198	2,782	5,861	4,575
Activity expenses	-	155,256	155,256	-	7,179	162,435	91,057
Lease expense	4,363	-	4,363	-	-	4,363	4,622
Depreciation	33,566	30,136	63,702	10,340	33,977	108,019	113,750
	<u>\$ 588,882</u>	<u>\$ 488,865</u>	<u>\$ 1,077,747</u>	<u>\$ 196,638</u>	<u>\$ 441,747</u>	<u>\$ 1,716,132</u>	<u>\$ 1,706,609</u>

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2022

	Program services			Management and general	Fundraising	Total
	Environmental	Arts, Culture, and Ecology	Total			
Salaries	\$ 202,286	\$ 181,126	\$ 383,412	\$ 76,454	\$ 192,842	\$ 652,708
Payroll tax	19,050	15,821	34,871	6,648	16,792	58,311
Employee benefits	13,082	24,384	37,466	6,979	23,501	67,946
	<u>234,418</u>	<u>221,331</u>	<u>455,749</u>	<u>90,081</u>	<u>233,135</u>	<u>778,965</u>
Office expenses	7,208	5,065	12,273	2,532	4,675	19,480
Occupancy	11,540	8,109	19,649	4,054	7,485	31,188
Telephone	16,313	11,463	27,776	5,732	10,581	44,089
Printing and publication	-	207	207	5	17,235	17,447
Insurance	18,599	13,069	31,668	6,534	12,064	50,266
Real estate taxes	1,819	1,278	3,097	639	1,180	4,916
Repairs and maintenance	288,650	-	288,650	-	-	288,650
Land acquisition costs	1,956	-	1,956	-	-	1,956
Professional fees	84,477	2,971	87,448	71,327	57,924	216,699
Auto and truck expenses	36,693	-	36,693	-	-	36,693
Travel	8	324	332	1,501	423	2,256
Miscellaneous	432	150	582	3,272	721	4,575
Activity expenses	-	70,987	70,987	13,263	6,807	91,057
Lease expense	4,622	-	4,622	-	-	4,622
Depreciation	42,087	29,575	71,662	14,788	27,300	113,750
	<u>\$ 748,822</u>	<u>\$ 364,529</u>	<u>\$ 1,113,351</u>	<u>\$ 213,728</u>	<u>\$ 379,530</u>	<u>\$ 1,706,609</u>

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,890,247	\$ (1,493,444)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	108,019	113,750
Amortization of right of use asset	2,550	2,551
Realized/unrealized (gain) loss on investments, net	(759,206)	2,294,855
Contributions restricted for capital campaign	(2,050,571)	(423,614)
Contributions restricted for land purchases	(90,106)	(282,631)
Loss on disposal of property and equipment	-	166,525
Changes in operating assets and liabilities:		
Contributions receivable	(1,227,076)	(206,559)
Grants receivable	(62,447)	(31,873)
Accounts receivable	(5,504)	6,152
Accounts payable and accrued expenses	(1,410)	15,834
Refundable advance	10,000	-
Net cash from operating activities	(1,185,504)	161,546
Cash flows from investing activities:		
Payments for buildings and equipment	(726,963)	(71,087)
Payments for land	(675,000)	(935,550)
Sale of conservation easement	-	793,025
Reinvested investment income, net of fees	(142,990)	31,674
Proceeds from sale of investments	10,245,131	4,555,434
Purchase of investments	(9,665,960)	(4,826,567)
Net cash from investing activities	(965,782)	(453,071)
Cash flows from financing activities:		
Contributions restricted for land purchases	90,106	282,631
Contributions restricted for capital campaign	2,050,571	423,614
Lease liability payments	(5,507)	(4,909)
Net cash from financing activities	2,135,170	701,336
Net increase (decrease) in cash, cash equivalents, and restricted cash	(16,116)	409,811
Cash, cash equivalents, and restricted cash - beginning of year	761,186	351,375
Cash, cash equivalents, and restricted cash - end of year	\$ 745,070	\$ 761,186
Reconciliation to the consolidated statements of financial position:		
Cash	\$ 299,483	\$ 485,827
Cash - capital reserve for LWBAF	18,818	18,128
Cash - capital campaign	426,769	257,231
Total cash, cash equivalents, and restricted cash	\$ 745,070	\$ 761,186
Supplemental cash flow information:		
Noncash investing and financing activities:		
Building and equipment additions included in accounts payable	\$ 271,582	\$ -

See accompanying notes to consolidated financial statements.

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

1. ORGANIZATION

The Belwin Conservancy (the Conservancy) is a nonprofit organization that is dedicated to preservation, restoration, and appreciation of our natural world. It owns approximately 1,500 acres of land in Afton, West Lakeland Township and Lakeland, Minnesota. The Conservancy comprises one of the largest private nonprofit owned nature preserves in the Twin Cities region with a focus on connecting people and the natural world.

During 2011, the Belwin Conservancy established the Belwin Supporting Fund (the Supporting Fund), a Minnesota nonprofit corporation. The Supporting Fund, affiliated with the Belwin Conservancy through common control, was formed for the purpose of holding, managing and making distributions to the Belwin Conservancy of cash and investment holdings contributed to Belwin by any descendants of James Ford Bell. The Supporting Fund uses between 4% and 5% of the rolling five-year average value of its net assets to provide support for the Conservancy to cover costs within the annual budget.

Belwin does its work in a number of ways including:

Environmental -

Ecological Restoration: The Conservancy restores and manages Belwin's land and water resources in a way that provides functioning natural systems. These efforts include aggressive management of invasive species that interrupt or threaten natural systems. State funding is a big part of this work. Periodic federal funding may be involved.

Environmental Education: The Conservancy's primary focus is to provide high quality facilities for an environmentally focused education run by St. Paul Public Schools under a cooperative agreement. Known as Belwin Outdoor Science, this successful program with a 50-year track record, gives public school students from St. Paul and Stillwater districts hands-on science curricula.

Bison: The Conservancy provides an opportunity to view bison within a restored prairie and better understand this endangered landscape. Native prairie is one of the rarest of landscapes in the United States and was historically grazed by native bison and subject to natural and set fires, tools Belwin can now use to manage a large prairie complex that is highly visible to the public.

Ecological Research: The Conservancy invites serious scientific inquiry on its over 1,500 acres that focuses on and helps to understand and provide practical management guidance for the management of land, water, and wildlife resources. Belwin Conservancy makes its property available for short and long term environmentally-oriented research studies to a variety of public and private institutions.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

1. ORGANIZATION (Continued)

Land Protection: Protecting land from conversion of open space to a more developed state was the basis for creating Belwin Conservancy and continues to this day. This effort has involved both land purchases and conservation easement acquisition and includes efforts with other partner organizations and governmental units. The focus of activity is now on properties that border existing protected land and lands that protect the Valley Creek watershed.

Astronomy: The Conservancy provides an opportunity for participants to observe the nighttime mysteries unfold, merging curiosity with technology and taking advantage of using one of the largest refracting telescopes in Minnesota to observe the night sky. The Joseph J. Casby Observatory at Belwin is programmed through the Minnesota Astronomical Society.

Recreation: The Conservancy offers the community two types of recreational facilities:

High quality outdoor athletic facilities that create opportunities through organized sports for teambuilding, sportsmanship, fitness and fun at the Lucy Winton Bell Athletic Fields. The facilities are managed in an ecologically sustainable manner. The facility is also a trailhead for public walking trails with interpretive signage situated next to a large restored prairie and forested area.

Belwin links people to the natural world in immersive ways, providing physical, emotional, and intellectual benefits. Belwin maintains several open hiking areas where anyone can hike, ski, or snowshoe for free any day of the year. In addition to these self-guided experiences, Belwin offers public programs and large events, all with the goal of engaging large numbers of people in the work of environmental stewardship.

Arts, Culture, and Ecology - The Conservancy provides high quality, diverse arts and culture programs, allowing both participation and observation. This program pairs the arts with ecological learning as a way of inspiring new avenues of perception, understanding, engagement, and environmental stewardship.

Additionally, Belwin is embarking on a multi-year capital campaign to enhance and expand education programs, better serve community needs, and increase visibility and accessibility for the general public. This campus-wide campaign will include the construction of a new education building, renovation of several existing buildings, land protection, opening of new public trails, and other infrastructure investments to help be an accessible and welcoming community resource.

The primary funding sources for the Conservancy's programs are private contributions, government grants, user fees, and investment income.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation - The consolidated financial statements include the accounts of The Belwin Conservancy and its affiliated supporting organization, The Belwin Supporting Fund, collectively called Belwin. The Conservancy is the operating entity while the Supporting Fund is the investment entity. Inter-entity transactions and balances have been eliminated in consolidation.

Use of Estimates - The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation - Belwin reports information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions are not restricted by donors or the donor-imposed restrictions have expired. Net assets without donor restrictions are available for programs and supporting services at the discretion of management and the board of directors. The board of directors has designated a portion of these net assets as a board designated endowment.
- Net assets with donor restrictions are contributions restricted by donors or grantors for specific purposes or time periods. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions on the consolidated statement of activities.

Contributions and Grants Receivable - Contributions and grants receivable are recorded at the amount management expects to collect from outstanding balances. Contributions receivable expected to be collected in greater than one year are recorded at the present value of the amount expected to be collected, using risk free rates applicable to the years in which the promises are to be received. Management believes that all amounts will be received when due, therefore no allowance for uncollectible amounts has been provided. Receivables will be written off when, in management's estimation, it is probable that the receivable is worthless.

Contributions and Government Grants - Contributions and government grants are recognized when the donor or grantor makes an unconditional promise to give to Belwin. Contributions that are restricted by the donor or grantor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions restricted by donors or grantors are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires or is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional contributions are recorded when the conditions have been met and the conditional commitment becomes unconditional.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Contributions of cash that must be used for property and equipment are reported as net assets with donor restrictions. Belwin reports expiration of donor restrictions when the acquired assets are placed in service, unless the donor has specified the length of time the item must be used.

The conditional contribution further discussed in Note 11 was recorded as a liability upon collection and will be recognized as revenue when the conditions have been satisfied.

Facility User Fees - Facility user fees are received annually from two nonprofit sports organizations for use of the Lucy Winton Bell Athletic Fields and are recognized evenly over the year to which they relate. See Note 16.

Cash and Cash Equivalents - For purposes of the consolidated statements of cash flows, the Conservancy considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash restricted for the capital campaign is also considered cash. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Concentration of Credit Risk - Belwin maintains several bank accounts at one financial institution which are insured by the Federal Deposit Insurance Corporation. Although at times the amount on deposit in these accounts may exceed the federally insured limit, Belwin has never experienced any losses. At December 31, 2023 and 2022, deposits exceeded the insured limit by \$324,170 and \$535,316, respectively.

Functional Expenses - The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present expenses by function and natural classification. Expenses directly attributed to a specific functional area of the Conservancy are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the full-time employee equivalent method of allocation.

Investments - Investments are recorded at their fair values. Investment earnings and unrealized gains and losses are included in the change in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. When investments are sold, cost is determined using specific identification. Marketable securities contributed by donors are recorded at fair value at the time of the contribution.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Buildings and Improvements, Land Improvements, and Equipment - Buildings and equipment are carried at cost and depreciated over the estimated useful lives of the assets using the straight-line method. Expenditures in excess of \$5,000 are capitalized. Buildings are depreciated over 40 years, building improvements are depreciated over 5 - 40 years, land improvements are depreciated over 10 - 25 years, and equipment is depreciated over 3 - 7 years. Significant improvements and betterments that extend the life of the asset are capitalized. Land restoration costs are expensed. Maintenance and repairs are expensed as incurred.

Land - Belwin purchases land with the intention of holding it to prevent development, restoring the land, and providing a venue for research and education. Land is recorded at fair value, if known; otherwise, it is recorded at cost. Belwin uses land options to set the purchase price of land it is interested in purchasing in the future. Land options are recorded at cost. If an option is exercised, the cost of the option is added to the purchase price of the land.

Conservation Easements - Belwin believes it is most appropriate to account for the conservation easements as a collection. The conservation easements are recorded at a nominal value of \$1 each on the consolidated statement of financial position. Conservation easements acquired are reported as expenses on the consolidated statement of activities at appraised fair market value. Any difference between the appraised value and cost is recorded as an in-kind contribution. No conservation easements were purchased in 2023. One conservation easement was purchased in 2022.

Leases - Belwin assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the consolidated statement of financial position. Belwin currently has one lease, which is classified as a finance lease.

Right of use (ROU) assets represent Belwin's right to use an underlying asset for the lease term, and lease liabilities represent Belwin's obligation to make lease payments. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Belwin uses the implicit rate when it is readily determinable. When the leases do not provide an implicit rate, to determine the present value of lease payments, management uses either its incremental borrowing rate or the risk-free rate at lease commencement.

In-kind Materials and Services - Donated materials are recorded as contributions at their estimated fair market value in the period received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Belwin received \$13,974 of donated supplies, of which \$9,423 is included in program expenses, \$6,500 of donated equipment, which was capitalized, and \$3,500 of donated printing and publication services in 2023.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes - Belwin is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent it has taxable income from activities that are not related to its exempt purpose. Belwin did not have any unrelated business income in 2023 or 2022. Belwin believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the consolidated financial statements.

Reclassifications - Certain reclassifications have been made to the December 31, 2022 consolidated financial statements in order for them to conform to the December 31, 2023 presentation. These reclassifications had no effect on net assets or the change in net assets.

3. **CONTRIBUTIONS RECEIVABLE**

Contributions receivable at December 31, 2023 are expected to be received as follows:

2024	\$ 464,232
2025	323,328
2026	307,478
2027	292,478
2028	267,478
Contributions receivable	<u>1,654,994</u>
Less amount representing discount	<u>(103,202)</u>
Contributions receivable, net	<u><u>\$ 1,551,792</u></u>

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

4. INVESTMENTS

Investments consisted of the following as of December 31:

	2023	2022
Mutual funds:		
U.S. government money market funds	\$ 687,259	\$ 1,346,747
Prime money market	54,472	51,834
Intermediate - term bond	-	1,188,866
Foreign large blend	56,175	48,607
Short-term bond	-	1,608,696
Small growth	-	167,076
Large growth	1,067,589	100,249
Large blend	1,561,159	1,524,798
	3,426,654	6,036,873
Exchange traded funds:		
Foreign large blend	955,749	623,842
Emerging markets	370,434	332,266
Small blend	644,043	220,248
Short-term bond	-	290,581
	1,970,226	1,466,937
Common and collective trust funds:		
Large cap	1,846,692	1,501,060
Fixed income	2,113,769	-
	3,960,461	1,501,060
Partnerships and LLC's:		
Small business venture capital	1,194,948	1,153,907
Distressed companies	590,404	684,165
Emerging growth	175,361	261,318
Real estate	578,107	548,492
Multi-sector credit-related assets	-	23,966
Healthcare industry	47,739	49,731
Diversifying strategies	513,357	481,588
Growth equity & buyout	149,478	106,999
Blockchain technology	68,541	37,215
	3,317,935	3,347,381
Total investments	12,675,276	12,352,251
Endowment investments	(311,819)	(260,090)
	\$ 12,363,457	\$ 12,092,161

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

4. INVESTMENTS (Continued)

Investment income (loss) is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 558,319	\$ 809,248
Realized and unrealized gains (losses), net	759,206	(2,294,855)
Fees	<u>(56,177)</u>	<u>(61,714)</u>
	<u>\$ 1,261,348</u>	<u>\$ (1,547,321)</u>

5. FAIR VALUE MEASUREMENTS

Belwin's investments are reported at fair value in the accompanying consolidated statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Belwin believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly or indirectly, through corroboration with observable market data; and Level 3 inputs have the lowest priority. Belwin uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Belwin measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The fair value of mutual and exchange traded funds is based on quoted net asset values of the shares held by Belwin at year end as reported by the corresponding active exchange.

As a practical expedient, the fair value of common and collective trust funds is based on the net asset value of units held by Belwin at year end, as determined by the trustee based on the underlying investments, including guaranteed investment contracts and security-backed contracts which are valued by discounting the related cash flows based on current yields of similar instruments. Redemptions are permitted at unit value at the end of each month.

For large cap funds, the investment manager seeks to maximize after-tax returns with US equity index exposure and active tax management. Their strategy is to provide a similar pre-tax return to the chosen equities index - US Large and Mid Cap (Russell 1000 Index). They maximize long term after-tax total returns through active tax management, capital gain or loss realization, aggressive transaction cost management, risk management, and very low management fees.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

5. FAIR VALUE MEASUREMENTS (Continued)

For fixed income funds, certain investments in the portfolio are managed utilizing an active, bottom-up investment process that seeks to produce higher than benchmark (Bloomberg Barclays Aggregate Bond Index (BBAGG)) returns with lower volatility of return. Returns can be produced primarily through portfolios that offer a yield to maturity advantage versus the index. Other fixed income fund investments offer short-term duration liquidity with higher yields. Investments in Treasury investments provide higher returns than a money market asset while still allowing for liquidity if needed.

As a practical expedient, the fair value of investments in partnerships and LLC's is based on the respective net asset value reported by management of each partnership and LLC. Net asset values are determined using valuation methodologies that consider a range of factors in estimating the exit price from the perspective of market participants, including but not limited to the price at which each investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, financial condition, and financing transactions subsequent to the acquisition of the investment.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value Belwin's investments as of December 31, 2023 and 2022:

Fair Value Measurements at Reporting Date Using:				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023				
Mutual and exchange traded funds	\$ 5,396,880	\$ 5,396,880	\$ -	\$ -
Investments measured at net asset value*	7,278,396			
Total	\$ 12,675,276			

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

5. **FAIR VALUE MEASUREMENTS (Continued)**

	Fair Value Measurements at Reporting Date Using:			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2022				
Mutual and exchange traded funds	\$ 7,503,810	\$ 7,503,810	\$ -	\$ -
Investments measured at net asset value*	4,848,441			
Total	\$ 12,352,251			

*Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the Consolidated Statement of Financial Position.

There have been no changes in valuation techniques and related inputs from 2022 to 2023.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

5. FAIR VALUE MEASUREMENTS (Continued)

The following is a summary of investments in partnerships and LLC's as of December 31, 2023 and 2022, with unfunded commitments at December 31, 2023:

	2023	2022	Unfunded Commitments
Small Business Venture Capital:			
European Secondary Opportunities Fund I LP	\$ 36,312	\$ 40,212	\$ -
GCM Grosvener Co-Investment Opportunity Fund, L.P.	251,295	255,802	13,277
FEG Private Opportunities Fund III, L.P. (Series B)	249,813	271,524	5,976
FEG Private Opportunities Fund IV, L.P.	657,527	586,369	41,440
Distressed Companies:			
Fundamental Partners III LP	423,275	482,768	133,709
Fundamental Partners Municipal Trust	6,374	19,834	-
FEG Private Opportunities Fund III, L.P. (Series D)	132,706	175,936	-
FEG Private Opportunities Fund VI, L.P. (Series D)	28,049	5,627	119,802
Emerging Growth:			
Westly Capital Partners, L.P. (Fund I)	2,021	7,675	-
Westly Capital Partners Fund II, L.P.	44,588	66,089	29,911
Pine Bridge Structured Capital Partners II, L.P.	5,649	101,304	-
FEG Private Opportunities Fund V, L.P. (Series B)	123,103	86,250	96,000
Real Estate:			
JP Morgan US Real Estate Income and Growth Fund	259,873	316,357	-
Harrison Street Real Estate Partners III, L.P.	1,240	1,301	62,587
International Farmland Trust	19,896	19,810	-
Iron Point	57,115	64,014	16,602
MAP Renewable Energy 2018	128	128	-
Ridgewood Water & Strategic Infrastructure I	88,373	67,053	17,182
Ridgewood Water & Strategic Infrastructure II	31,926	146	62,014
FEG Private Opportunities Fund V, L.P. (Series C)	45,899	38,358	33,600
FEG Private Opportunities Fund VI, L.P. (Series C)	5,061	6,158	91,069
Lime Rock New Energy, L.P.	68,596	35,167	34,551
Multi-sector Credit-Related Assets:			
Special Credit Opportunities (Offshore), L.P.	-	20,619	-
Special Credit Opportunities, L.P.	-	3,347	-

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

5. **FAIR VALUE MEASUREMENTS (Continued)**

	2023	2022	Unfunded Commitments
Healthcare Industry:			
Sightline Healthcare Opportunity Fund II, L.P.	\$ 47,739	\$ 49,731	\$ -
Diversifying Strategies:			
BlackRock Appreciation Fund IV, Ltd	454,318	420,578	-
FEG Absolute Access Fund I LLC	-	2,109	-
Cordillera	59,039	58,901	46,997
Blockchain Technology:			
Accolade Partners Blockchain II, L.P.	68,541	37,215	33,363
Growth Equity & Buyout			
Timber Bay Fund II, L.P.	97,179	82,248	14,876
FEG Private Opportunities Fund VI (Series B)	18,064	3,681	83,412
RCP Secondary Opportunity Fund IV	34,235	21,070	36,164
Timber Bay Fund III, L.P.	-	-	15,166
End of year fair value	<u>\$ 3,317,934</u>	<u>\$ 3,347,381</u>	<u>\$ 987,698</u>

European Secondary Opportunities Fund I LP was formed to acquire existing participations in private equity funds operating in the European lower mid-market buy-out, development capital and turnaround sectors and to take advantage of the fact that certain limited partners are under pressure and are cash constrained and desire to sell their positions. The opportunity is enhanced due to the lack of realizations in existing funds and the continuing decline in valuations as a result of the uncertain economic and financial outlook in Europe. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2024.

GCM Grosvener Co-Investment Opportunity Fund, L.P. invests directly and indirectly in private companies by making investments alongside select middle-market private equity funds on a co-investment basis. The Fund focuses on North America and Western Europe and opportunistically seeks exposure to other geographies. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in April 2026.

FEG Private Opportunities Fund III, L.P. (Series B) invests in start-up companies that reflect a high risk/high return profile and are uniquely exposed to new market opportunities. The fund also invests in companies that benefit from corporate events, industry consolidation, or growth often through operational improvements, acquisitions, new leadership and/or new strategic direction, seeking enhanced returns through new market opportunities. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2027.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

5. FAIR VALUE MEASUREMENTS (Continued)

FEG Private Opportunities Fund IV, L.P. invests primarily in small and lower middle-market companies that experience less competition, are less leveraged and whose drivers of return emphasize operations and earnings growth. The fund also focuses on smaller, opportunistic private real estate funds who seek to allocate capital to managers targeting unique or niche strategies or property types with compelling supply demand fundamentals and in distressed debt in both Europe and the United States.

Fundamental Partners III LP targets control-oriented investments in stressed/distressed assets or securities, finances the development or revitalization of community/public purpose assets, and acquires undervalued securities in the secondary market. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in November 2025.

The Fundamental Partners Municipal Trust was established to invest in Fundamental Trust II, Limited Partnership which was formed to make control-oriented investments in distressed and special situation opportunities within and related to the municipal revenue bond market. The Fund strategy is to find investment opportunities that are secured by assets and specific pledge of revenue from assets, providing downside protection that are typically need-based assets that are critical to the community. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2024.

FEG Private Opportunities Fund III, L.P. (Series D) invests in strategies such as distressed debt, mezzanine debt, or other differentiated strategies that are attractive due to market dislocation or unique characteristics. The Fund seeks enhanced returns due to market dislocations or unique niche opportunities. When the assets are sold, the proceeds, less any incentives due to the Fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2029.

FEG Private Opportunities Fund VI, L.P. (Series D) invests with lenders providing debt capital primarily to the US lower middle market and sporadic investment with lenders focused in Europe. In times of market stress, the Fund looks to invest with managers who focus on stressed/distressed strategies to take advantage of dislocations. The Fund expects to sell all of its underlying assets in 2034.

Westly Capital Partners, L.P. (Fund I) is a \$100 million fund, of which over 20% are the General Partners' personal investments. The strategy is to invest in companies with proven clean tech technologies and current revenues or in earlier stage companies when they can co-invest with technology leading venture firms. The target sectors for investment are environmental remediation; energy storage; and green building materials. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2024.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

5. FAIR VALUE MEASUREMENTS (Continued)

Westly Capital Partners Fund II, L.P. continues with the successful strategy from Fund I and has added a more international focus with a provision that allows the Fund to invest up to 25% in non-US companies. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2024.

Pine Bridge Structured Capital Partners II, L.P. provides subordinated debt and preferred equity to small and middle market companies with less than \$500 million of enterprise value. The Fund receives equity upside through common equity, warrants, options and other participation rights. The Fund does not behave like a short-term creditor but rather a constructive business partner to the controlling shareholders of the portfolio companies. Redemptions are not permitted during the life of the Fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in December 2024.

FEG Private Opportunities Fund V, L.P. (Series B) invests in early stage ventures, scaling high growth companies particularly in fintech, healthcare, and technology. The fund strategy is sector-focused or on strategic niche buyouts. Investments will only be deployed to opportunities that are not harmful to the environment.

The JP Morgan US Real Estate Income and Growth Fund is an actively managed, open-end fund with a levered core real estate strategy. The objective is to produce high income returns, with the potential for capital appreciation. The portfolio is anchored by low-risk, high quality, competitively positioned real estate investments that are well leased and stabilized. The Fund's approach to leverage is highly disciplined. They target a moderate debt level of 50%. When the assets are sold, the proceeds, less any incentives due to the Fund sponsor, will be distributed to the investors.

Harrison Street Real Estate Partners III, L.P. invests in "need-based" sectors of the real estate market with a focus on education, healthcare, and storage. These asset classes include off-campus student housing, medical office buildings, senior housing, self-storage, and boat storage. These sectors have very strong fundamentals with positive demographic trends that are anticipated to continue for the next 20+ years. Returns for these sectors have exceeded those for the traditional real estate sectors primarily because supply is constrained, there is consistent demand, and a strong lender appetite exists for these sectors. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2024.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

5. FAIR VALUE MEASUREMENTS (Continued)

The International Farmland Trust seeks to acquire or lease grain and oilseed properties in geographically diverse regions of Australia and Brazil and generate returns through production and sale of grain and oilseed commodities and potential for capital appreciation of properties acquired. The General Partner, Macquarie Agricultural Funds Management, has over 20 years experience in agricultural markets and global capabilities across agricultural commodities and agricultural research. They have consistently delivered operating profits through scale benefits by aggregating farms and reducing the per unit cost of production. Redemptions are not permitted during the life of the fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2024.

Iron Point invests opportunistically across different themes, property types and geographies, allowing them to invest in assets that may not be as heavily impacted by macro-economic factors. Property types include: Data Center, Distressed, Hospitality, Senior Housing, Office, Multi-Family, and Land. The Fund seeks to capitalize on market inefficiencies by investing in properties and markets that are out of favor and by acquiring assets at discounts to intrinsic value.

MAP Renewable Energy 2018 is one of the longest-standing US private energy investment firms in the US. MAP is comprised entirely of renewable energy-related investments, with a focus on US wind energy, utility scale solar photovoltaic, and energy storage projects. The Fund seeks to construct a highly diversified portfolio with a combination of early and late-stage development projects, land rights underlying renewable energy projects, and project equity interests. The Fund is currently in the liquidation stage and anticipates final liquidity events taking place in 2024.

Ridgewood Water & Strategic Infrastructure I (RWSI I), a part of Ridgewood Private Equity Partners, invests in underlying assets and related businesses in the lower-middle market US water infrastructure sector. Investments are structurally advantaged, difficult-to-replicate, and located in large, growing, and dynamic markets. The Ridgewood strategy involves acquiring and aggregating water assets in fragmented markets and developing assets with clearly defined demand drivers from credit-quality municipalities.

Ridgewood Water & Strategic Infrastructure II (RWSI II) will follow the same investment process and approach of the firm's prior fund, RWSI I. RWSI II will seek to invest in 10-12 underlying assets and related businesses in the lower-middle market U.S. infrastructure sector, with a special focus on water-related assets. Ridgewood's strategy will involve acquiring and aggregating infrastructure assets in fragmented markets or developing assets with clearly defined demand drivers from credit-quality municipalities, seeking to leverage the team members' deep experience with regulated utility businesses.

FEG Private Opportunities Fund V, L.P (Series C) invests in disrupted energy assets, specifically power, water, and energy infrastructure. Investments will only be deployed to opportunities that are not harmful to the environment.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

5. FAIR VALUE MEASUREMENTS (Continued)

FEG Private Opportunities Fund VI, L.P. (Series C) invests in real estate, private natural resources and infrastructure including renewable/clean energy. Real estate typically provide exposure to multiple property types and geographies. Emphasizing smaller funds with an ability to purchase assets overlooked by larger groups that may offer greater price disparities and upside potential.

Lime Rock New Energy, L.P. was created by Lime Rock specifically to make growth equity investments in North American businesses that service renewable infrastructure, provide energy efficiency solutions or accelerate adoption of electric transportation. The fund will target equity investments ranging from \$30-90 million across 10-15 companies that either generate positive EBITDA or have clear visibility into near term positive operating margins. Importantly, the Fund will not invest in renewable power generation infrastructure or in project finance vehicles.

Special Credit Opportunities (Offshore), L.P. has identified attractive investment opportunities in the credit markets due to continued regulatory changes and global deleveraging. The Blackrock Special Credit Opportunities Fund will provide capital to areas or sectors undergoing longer-term structural changes in their sources of capital. The Fund anticipates a two to five year investment horizon with high current cash flow expected. Redemptions are not permitted during the life of the Fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund liquidated all of its underlying assets in 2023.

Special Credit Opportunities, L.P. has identified attractive investment opportunities in the credit markets due to continued regulatory changes and global deleveraging. The Fund will provide capital to areas or sectors undergoing longer-term structural changes in their sources of capital. The Fund liquidated all of its underlying assets in 2023.

Sightline Healthcare Opportunity Fund II, L.P. makes direct secondary investments in late-stage medical device companies. They identify capital-constrained investors and purchase their existing interest in companies that have begun commercialization. They seek companies that have clarity of exit within 2 to 3 years at premium valuations. Redemptions are not permitted during the life of the Fund. When the assets are sold, the proceeds, less any incentives due to the fund sponsor, will be distributed to the investors. The Fund expects to sell all of its underlying assets in 2024.

Blackrock Appreciation Fund IV, Ltd seeks to generate positive returns throughout various market cycles by allocating to a diversified portfolio of hedge fund managers. The investors may redeem up to 25% of their shares as of the last business day of any fiscal quarter with 93 days' notice.

FEG Absolute Access Fund I LLC allocates assets primarily among Portfolio Fund Managers implementing a variety of absolute return investment strategies while diversifying risk across a number of specific investment strategies, Portfolio Fund Managers and markets, while exhibiting less volatility than that of a portfolio of general equity and debt, although there is no assurance that a lower volatility will be reached. Investing in the Fund involves a high degree of risk. Redemption requests will be considered by the Board. The Fund liquidated all of its underlying assets in 2023.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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5. FAIR VALUE MEASUREMENTS (Continued)

Cordillera's objective is to create a diversified portfolio of innovative alternative strategies. Within the targeted sectors, Cordillera believes the complexities involved in sourcing and structuring opportunities provides a competitive advantage for investors with the capabilities to underwrite deals in these unique areas of the market. Examples of innovative alternative strategies targeted by Cordillera include: specialty real estate, water rights, litigation finance, specialty infrastructure (wireless spectrum), and media finance.

Accolade Partners Blockchain II, L.P. is a dedicated blockchain fund of funds providing diversified exposure to blockchain investments. The Fund will invest primarily in a portfolio of closed-end funds, open-end funds, hybrid funds, and similar vehicles each with an investment focus on cryptographically derived digital assets and equity or other securities of public or private companies. These investments are expected to operate primarily in the digital asset, cryptocurrency, blockchain, and distributed ledger categories. Accolade believes investing in blockchain technology with a long-term view is an opportunity for strong returns.

The Timber Bay Fund II, L.P. focuses on interests in North American-based growth equity and buyout funds. The team targets funds with mature, saleable assets that are at/near the end of their contractual terms. Transaction structures vary depending on the investors' liquidity needs. Deals typically include liquidation and/or return preferences to provide Timber Bay with some downside protection.

FEG Private Opportunities Fund VI (Series B) invests in select early stage venture, scaling high growth companies particularly in Fin-tech, Health care and Technology. Sector focused or strategic niche buyouts, low leverage.

RCP Secondary Opportunity Fund IV makes investments in private equity funds through traditional secondary market purchases or other secondary transactions. The Firm seeks to leverage its strong market presence to primarily source and acquire limited partner (LP) interests in individual funds or a portfolio of funds, as well as execute on general partner (GP) led transactions such as recapitalizations, restructurings, and continuation vehicles.

The Timber Bay Fund III, L.P. provides liquidity solutions for private equity stakeholders via general partner (GP) led secondary transactions. Targeted transaction types include continuation funds, single asset recapitalizations, portfolio strip sales, tender offers, and preferred equity investments. Deal sizes generally are below \$200 million. Timber Bay transactions usually involve one or more lower middle-market buyout or growth equity companies. Companies tend to operate across industrial, healthcare, consumer, and technology end markets.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

6. LIQUIDITY AND AVAILABILITY OF RESOURCES

Belwin’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, are as follows:

	2023	2022
Cash	\$ 299,483	\$ 485,827
Contributions receivable, net	1,551,792	324,716
Grants receivable	94,320	31,873
Accounts receivable	12,757	7,253
Annual budgeted appropriation from Supporting Fund	362,480	380,606
	2,320,832	1,230,275
Less: contributions not available within one year, net	(1,087,560)	(118,525)
Less: capital campaign contributions receivable due within one year	(50,000)	-
	\$ 1,183,272	\$ 1,111,750

As part of Belwin’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Belwin has conditional promises to give in the form of grants from government agencies. Since these grants are conditional, they will not be recognized until the conditions have been met. Belwin has unearned conditional contributions of \$262,364 and \$367,408 as of December 31, 2023 and 2022, respectively. Conditional contributions are expected to be collected from 2024 to 2026.

Belwin has a second operating cash account that is typically used for athletic fields and capital expenditures but can be used for general expenditures if needed. The balance in this account was \$18,818 and \$18,128 as of December 31, 2023 and 2022.

Belwin is currently raising funds for a multi-year capital campaign. Expenditures related to the capital campaign are not considered general expenditures.

Belwin adopts an annual budget and anticipates collecting sufficient revenue to fund general expenditures. Budget to actual results are monitored each month. As part of Belwin’s annual budget, an annual appropriation is anticipated to be made from the Supporting Fund.

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THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

7. BUILDINGS AND IMPROVEMENTS, LAND IMPROVEMENTS, AND EQUIPMENT

Buildings and improvements, land improvements, and equipment consisted of the following:

	2023	2022
Buildings and improvements	\$ 3,259,200	\$ 2,975,881
Land improvements	1,111,987	1,104,885
Equipment	494,477	475,973
Construction in progress	712,363	25,291
	<u>5,578,027</u>	<u>4,582,030</u>
Less: accumulated depreciation	<u>(3,746,929)</u>	<u>(3,641,458)</u>
	<u>\$ 1,831,098</u>	<u>\$ 940,572</u>

Construction in progress consists of costs incurred for site development related to the multi-year capital campaign. In 2023, Belwin signed a construction agreement with a contractor for construction of a new building. The total contract amount is approximately \$3,570,000, of which approximately \$331,000 has been completed at December 31, 2023. The contract can be terminated at any time without penalty, with Belwin remaining liable to pay for any work that had been already completed up until the termination date.

8. LAND AND CONSERVATION EASEMENTS

Land located in Afton, Lakeland and West Lakeland Township, Minnesota was acquired by Belwin through contribution or purchase using funds contributed to Belwin specifically for the purpose of purchasing property or with general organizational funds. Land donated to Belwin or purchased by Belwin with funds donated for the purpose of purchasing property should be maintained by Belwin as open space with much of it in a natural state for educational and research purposes and must always, regardless of future ownership, be so held, developed, and managed so as to preserve and enhance its natural features and significance for the future education and enjoyment of the public. During 2023, Belwin purchased 3.5 acres of land with a value of \$675,000. During 2022, Belwin purchased 19 acres of land with a value of \$142,525 (after sale of the conservation easement to Washington County).

Conservation easements are perpetual agreements between Belwin and landowners under which the landowners agree to abide by certain restrictions designed to preserve the open space or conservation value of their land. These agreements are binding on all landowners. Conservation easements held by Belwin cover 124 acres of property, all of which are owned by individual landowners. Conservation easements held by Minnesota Land Trust and Washington County cover 711 acres and 46 acres of Belwin's property, respectively.

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THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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9. SOLAR ENERGY SYSTEM ACQUISITION OBLIGATION

In February 2014, Belwin entered into an agreement to purchase and install a solar energy system on its property using seller financing. The solar system went live on June 3, 2015. A subsidiary of the seller leases the solar system from Belwin under a finance lease agreement, and sells the power generated to Belwin. The finance lease is for a 20 year term, however the lease is subject to a put and call agreement after 13 years (June 3, 2028). Belwin is the fee title owner of the solar system, and the subsidiary of the seller is the tax owner of the solar system and eligible for federal tax credits. Belwin also assigned state solar incentive payments to the lessee. During the lease term, the lessee is responsible for all maintenance costs. Specified minimum payments are due even if the put or call is exercised. Utility cost savings are expected to finance the annual payments.

Finance lease expense consists of the following:

	2023	2022
Amortization expense	\$ 2,550	\$ 2,551
Interest expense	1,813	2,071
	\$ 4,363	\$ 4,622

The remaining lease term is 4.5 years at December 31, 2023 and the discount rate used in the calculation was 5%.

The following summarizes cash flow information related to the finance lease for the years ending December 31:

	2023	2022
Operating cash flows	\$ 1,812	\$ 2,071
Financing cash flows	5,507	4,909

Future minimum payments are as follows:

2024	\$ 7,644
2025	8,010
2026	8,394
2027	8,796
2028	4,500
Total lease payments	37,344
Less interest at 5%	(4,152)
Present value of lease liabilities	\$ 33,192

(Continued)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	<u>2023</u>	<u>2022</u>
Land and conservation easements	\$ 11,340,957	\$ 10,665,957
Investments restricted by donors for land purchases	1,342,893	1,252,787
Investments - endowment principal	161,807	161,807
Unappropriated endowment earnings	150,012	98,283
Purpose restrictions:		
Time	-	30,000
Program expansion	209,328	209,328
IDEA Project	-	13,433
Capital campaign	1,620,577	427,782
Summer Stewards	-	12,982
Anishinabe Academy	30,000	-
Other	22,282	2,607
	<u>\$ 14,877,856</u>	<u>\$ 12,874,966</u>

11. CONDITIONAL CONTRIBUTION

During 2007, Belwin received a conditional contribution of \$2,000,000. The conditional contribution matches new gifts from individuals, corporations, and foundations on a 1:1 basis. The contribution was recorded as a liability upon receipt and is recognized as revenue as the matching requirements are met. No matching contributions were recognized in 2023 and 2022.

12. RELATED PARTIES

The Afton Land Partnership (the Partnership) owns land adjacent to land held by Belwin. One of the partners of the Partnership is on the Board of Directors of Belwin. The Partnership and Belwin share certain equipment and operating costs in the maintenance of these properties. Afton Land Partnership owes Belwin \$4,907 and \$7,253 at December 31, 2023 and 2022, which is included in accounts receivable in the statements of financial position.

The Supporting Fund receives investment advisory and accounting services from Burr Oak, Inc., a family investment and advisory office with one owner that also serves on the boards of the Conservancy and the Supporting Fund. The Supporting Fund paid Burr Oak, Inc. \$56,177 and \$61,714 in 2023 and 2022.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

13. COMMITMENTS AND CONTINGENCIES

Employees - Belwin has an agreement with Paychex HR whereby Belwin's employees have become employees of Paychex HR for administrative and personnel purposes. Paychex HR assumes responsibility for administrative employment matters, such as paying wages and all federal, state, and local payroll taxes, FICA, and unemployment contributions; providing workers compensation coverage; complying with the Immigration Reform and Control Act; providing non-obligatory fringe benefit programs for Covered Employees; and complying with COBRA for qualified Covered Employees and dependents.

Life Estates - Two life estates exist on certain land owned by Belwin. Under these life estates, the former owners have the right to live in their houses until their death.

14. RETIREMENT SAVINGS PLAN

Belwin has a defined contribution retirement plan under Section 401(k) of the Internal Revenue Code. Generally, all employees of Belwin who are over 21 years of age and who have completed 60 days of service with Belwin are eligible to participate in the plan. Employer contributions are discretionary. Employer contributions to the Plan in 2023 and 2022 totaled \$20,363 and \$17,157, respectively.

15. ENDOWMENTS

At December 31, 2023, Belwin has one donor-restricted endowment and one Board designated endowment. Earnings on the donor-restricted endowment are not restricted in use. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board designated endowment is held by the Supporting Fund and is to be used for general operating support for the Conservancy. The Board has a policy of appropriating for distribution between 4% and 5% of the rolling five-year average value of the net assets.

Interpretation of Relevant Law - The Board of Directors of Belwin has interpreted the Minnesota version of the Prudent Management of Institutional Funds Act (MPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, Belwin classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor did not require that any income be added to the endowment. The remaining portion of endowment investments is classified as net assets with donor restrictions until these amounts are appropriated for expenditure by Belwin.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

15. **ENDOWMENTS (Continued)**

In accordance with MPMIFA, Belwin considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of Belwin and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of Belwin

Changes in endowment net assets for the year ended December 31, 2023 follow:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 9,270,641	\$ 260,090	\$ 9,530,731
Investment return:			
Investment income, net of fees	423,758	7,289	431,047
Appreciation (depreciation)	545,440	44,440	589,880
Total investment return	969,198	51,729	1,020,927
Appropriation for expenditure	(350,000)	-	(350,000)
Endowment net assets, end of year	\$ 9,889,839	\$ 311,819	\$ 10,201,658

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

15. **ENDOWMENTS (Continued)**

Changes in endowment net assets for the year ended December 31, 2022 follow:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 11,123,320	\$ 244,972	\$ 11,368,292
Investment return:			
Investment income, net of fees	718,787	4,051	722,838
Appreciation (depreciation)	(2,066,916)	(38,933)	(2,105,849)
Total investment return	(1,348,129)	(34,882)	(1,383,011)
Additions	-	50,000	50,000
Appropriation for expenditure	(504,550)	-	(504,550)
Endowment net assets, end of year	<u>\$ 9,270,641</u>	<u>\$ 260,090</u>	<u>\$ 9,530,731</u>

Return Objectives and Risk Parameters - Belwin has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a positive return after inflation and distribution over an extended period of time and maintain sufficient income and liquidity to provide for reasonable cash flow requirements.

Strategies Employed for Achieving Objectives - To satisfy its income and liquidity objectives, Belwin invested donor-restricted endowment assets 82% in domestic and 18% in foreign large blend mutual funds and money market accounts at December 31, 2023 and 81% in domestic and 19% in foreign large blend mutual funds and money market accounts at December 31, 2022. At December 31, 2023, the Board-designated endowment is invested 5% in money market funds; 14% in large blend mutual funds; 5% in large growth mutual funds; 5% in small blend exchange traded funds; 7% in foreign large blend exchange traded funds; 2% in emerging markets exchange traded funds; 28% in common and collective trust funds; and 34% in partnerships and LLC's. At December 31, 2022, the Board-designated endowment is invested 4% in money market funds; 6% in intermediate core bond mutual funds; 3% in short-term bond exchange traded funds; 4% in short-term bond mutual funds; 15% in large blend mutual funds; 1% in large growth mutual funds; 2% in small blend exchange traded funds; 2% in small growth mutual funds; 7% in foreign large blend exchange traded funds; 4% in emerging markets exchange traded funds; 16% in common and collective trust funds; and 36% in partnerships and LLC's.

(Continued)

THE BELWIN CONSERVANCY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2023 and 2022

16. LUCY WINTON BELL ATHLETIC FIELDS

Belwin entered into a cooperative management agreement for the operation and maintenance of the athletic fields with two nonprofit sports organizations beginning in 2011. The three parties mutually agreed to select one of the parties to be a facility manager. The facility manager is responsible for managing all regular operations and day-to-day maintenance of the LWBAF in accordance with the terms of the agreement. Net annual budgeted operating costs are shared equally by the other two organizations. Belwin collects the budgeted user fee from the other two parties and pays the facility manager. Each of the organizations must also contribute \$2,500 annually to a LWBAF capital reserve held by Belwin. User fees were \$84,000 in 2023 and \$80,000 in 2022. The facility manager expense was \$84,000 in 2023 and \$80,000 in 2022. Any excess user fees are deposited to the capital reserve.

17. INSURANCE PROCEEDS

Belwin sustained storm and hail damage to several buildings and vehicles in 2022. Belwin filed insurance claims related to the damage and received insurance proceeds of \$107,035 and \$332,825 in 2023 and 2022. Certain replacements related to this damage were completed in 2023 at a cost of \$289,040.

In 2023, a separate insurance claim was filed for damage to trees done by a contractor. \$31,500 was received from the insurance company as compensation for the damage under this claim.

18. SUBSEQUENT EVENTS

Belwin purchased 4.6 acres of land for a total of \$700,000 located in Afton, Minnesota on June 20, 2024.

Belwin received a commitment from HRK Foundation for a \$500,000 Program Related Investment loan. The loan will bear interest at 1% and require annual interest payments beginning September 30, 2025. The loan and all outstanding interest will be due September 30, 2026.

Management has evaluated subsequent events through September 9, 2024, the date on which the consolidated financial statements were available for issue and noted no additional subsequent events.

SUPPLEMENTARY CONSOLIDATING INFORMATION

THE BELWIN CONSERVANCY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2023

	Belwin Conservancy	Belwin Supporting Fund	Total	Eliminations	Total
ASSETS					
Cash	\$ 299,483	\$ -	\$ 299,483	\$ -	\$ 299,483
Cash - capital reserve for LWBAF	18,818	-	18,818	-	18,818
Contributions receivable, net	1,551,792	-	1,551,792	-	1,551,792
Grants receivable	1,594,294	-	1,594,294	(1,499,974)	94,320
Accounts receivable	12,757	-	12,757	-	12,757
Investments	-	12,363,457	12,363,457	-	12,363,457
Cash - capital campaign	426,769	-	426,769	-	426,769
Land and conservation easements	11,340,957	-	11,340,957	-	11,340,957
Buildings and improvements, land improvements, and equipment, net	1,831,098	-	1,831,098	-	1,831,098
Right of use asset, net	41,867	-	41,867	-	41,867
Endowment investments	311,819	-	311,819	-	311,819
Total assets	\$ 17,429,654	\$ 12,363,457	\$ 29,793,111	\$ (1,499,974)	\$ 28,293,137
LIABILITIES AND NET ASSETS					
Accounts payable	\$ 300,267	\$ -	\$ 300,267	\$ -	\$ 300,267
Due to Conservancy	-	1,499,974	1,499,974	(1,499,974)	-
Accrued payroll	26,919	-	26,919	-	26,919
Lease liability	33,192	-	33,192	-	33,192
Refundable advance	10,000	-	10,000	-	10,000
Conditional contribution	1,499,973	-	1,499,973	-	1,499,973
Total liabilities	1,870,351	1,499,974	3,370,325	(1,499,974)	1,870,351
Net assets:					
Net assets without donor restrictions	681,447	10,863,483	11,544,930	-	11,544,930
Net assets with donor restrictions	14,877,856	-	14,877,856	-	14,877,856
Total net assets	15,559,303	10,863,483	26,422,786	-	26,422,786
	\$ 17,429,654	\$ 12,363,457	\$ 29,793,111	\$ (1,499,974)	\$ 28,293,137

See independent auditor's report

THE BELWIN CONSERVANCY

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	Belwin Conservancy	Belwin Supporting Fund	Total	Eliminations	Total
Revenues and support:					
Contributions	\$ 1,667,552	\$ 90,106	\$ 1,757,658	\$ (1,028,345)	\$ 729,313
In-kind contributions	23,974	-	23,974	-	23,974
Government grants	257,735	-	257,735	-	257,735
Investment income, net	51,814	1,209,534	1,261,348	-	1,261,348
Facility user fees and rent income	84,000	-	84,000	-	84,000
Miscellaneous income	60,903	-	60,903	-	60,903
Total revenues and support	<u>2,145,978</u>	<u>1,299,640</u>	<u>3,445,618</u>	<u>(1,028,345)</u>	<u>2,417,273</u>
Expenses:					
Program services:					
Environmental	588,882	-	588,882	-	588,882
Arts, Culture, and Ecology	488,865	-	488,865	-	488,865
	<u>1,077,747</u>	<u>-</u>	<u>1,077,747</u>	<u>-</u>	<u>1,077,747</u>
Management and general	196,638	1,028,345	1,224,983	(1,028,345)	196,638
Fundraising	441,747	-	441,747	-	441,747
Total expenses	<u>1,716,132</u>	<u>1,028,345</u>	<u>2,744,477</u>	<u>(1,028,345)</u>	<u>1,716,132</u>
Change in net assets before nonoperating activities	429,846	271,295	701,141	-	701,141
Contributions - capital campaign	2,050,571	-	2,050,571	-	2,050,571
Insurance claim proceeds	138,535	-	138,535	-	138,535
Change in net assets	2,618,952	271,295	2,890,247	-	2,890,247
Net assets, beginning of year	<u>12,940,351</u>	<u>10,592,188</u>	<u>23,532,539</u>	<u>-</u>	<u>23,532,539</u>
Net assets, end of year	<u>\$ 15,559,303</u>	<u>\$ 10,863,483</u>	<u>\$ 26,422,786</u>	<u>\$ -</u>	<u>\$ 26,422,786</u>

See independent auditor's report